STATE OF ARIZONA FILED 1 STATE OF ARIZONA DEC 16 2008 2 DEPARTMENT OF INSURANCE DEPT OF INSURANCE 3 4 In the Matter of the Docket No. 08A-198-INS 5 Merger of PMI Guaranty Co. 6 ORDER APPROVING MERGER 7 (NAIC No. 12618), 8 Insurer, Into 10 PMI Mortgage Insurance Co. 11 (NAIC No. 27251), 12 Petitioner. 13 14 15 16 On October 31, 2008, pursuant to A.R.S. § 20-731, PMI Mortgage Insurance Co. 17 ("Petitioner") submitted an application to the Arizona Department of Insurance (the 18 "Department") for the merger of PMI Guaranty Co. ("Insurer") with and into Petitioner. 19 Based upon reliable evidence provided to the Director of Insurance ("Director") 20 by the Assistant Director of the Financial Affairs Division of the Department, the Director

## FINDINGS OF FACT

makes the following Findings of Fact, Conclusions of Law and enters the following

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Order:

 Insurer is duly qualified and authorized as a surety insurer in the State of Arizona.

- 2. Insurer has no insurance obligations owing to it, whether by policies written direct or by reinsurance ceded to it.
- 3. Petitioner is duly qualified and authorized as a mortgage guaranty insurer in the State of Arizona.
- 4. No evidence has been produced that would indicate or form the basis for a finding that the Agreement and Plan of Merger previously filed with the Department:
  - a. Is contrary to law;
  - b. Is unfair in the terms and conditions of the exchange of securities;
- c. Would substantially reduce the security of and service to be rendered to the policyholders of the Insurer in this State or elsewhere.
- 5. Insurer has a \$100 deposit with the Insurance Examiners' Revolving Fund ("IERF").
- 6. The Department holds a statutory deposit in the amount of \$530,000 on behalf of the Insurer.
- Petitioner has prepared Articles of Merger it intends to file with the Arizona Corporation Commission.

## **CONCLUSIONS OF LAW**

- The application established that none of the enumerated grounds set forth in A.R.S. § 20-731 exist so as to provide a basis for disapproval or rejection of the Agreement and Plan of Merger.
- 2. The evidence established that Petitioner has complied with the provisions of A.R.S. § 20-731 and established by credible evidence that the Agreement and Plan of Merger between Insurer and Petitioner should be approved.

## **ORDER**

- Petitioner may file its Articles of Merger with the Arizona Corporation
   Commission.
- The Agreement and Plan of Merger between the Insurer and the Petitioner shall be approved.
- Insurer shall file its 2008 Annual Statement including applicable fees with the Department unless Petitioner files its Articles of Merger with the Arizona Corporation Commission on or before December 31, 2008.
- 4. Insurer shall pay its Certificate of Authority renewal fee and file its 2008 Annual Form "B" Registration Statement if the Articles of Merger are not filed on or before March 31, 2009.
- 5. Petitioner is entitled to the release of Insurer's statutory deposit in the sum of \$530,000. Insurer's statutory deposit shall be released to the Petitioner after the Department receives the following: (a) a copy of Petitioner's Articles of Merger certified as having been filed with the Arizona Corporation Commission, and (b) payment of any outstanding invoices owing to the IERF. The Director has no personal liability for the release of such deposit so made by her in good faith as provided in A.R.S. §20-588(B).
- 6. The sum of \$100.00 previously credited to the IERF shall be refunded to the Insurer, pursuant to A.R.S. § 20-159.

DATED this 15th day of December, 2008.

CHRISTINA URIAS Director Of Insurance

1	COPY of the foregoing mailed
2	this 16th day of December, 2008,
3	Gerrie Marks, Deputy Director
4	Mary Butterfield, Assistant Director Catherine O'Neil, Consumer Legal Affairs Officer
5	Steven Ferguson, Assistant Director Leslie R. Hess, Financial Affairs Legal Analyst
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